

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1494 - SB 1656

January 24, 2016

SUMMARY OF BILL: Requires a teacher who is convicted of a misdemeanor sexual offense arising out of that teacher's employment to forfeit retirement benefits under any plan within the Tennessee Consolidated Retirement System (TCRS), any superseded retirement system, any local retirement fund, or any other public pension system. Applies only to teachers joining any such retirement plan or system on or after July 1, 2016. Authorizes the teacher to designate a beneficiary be paid the applicable retirement benefits following the teacher's death.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Any fiscal impact through the end of FY20-21 is estimated to be not significant. To the extent one teacher is convicted of a misdemeanor sexual offense arising out of employment in any fiscal year beyond FY20-21, there will be a recurring decrease in expenditures from the applicable retirement system. This decrease could range from approximately \$1,500 in FY21-22 up to an approximate maximum of \$35,000 per year in FY46-47 and subsequent years. Depending on the specific retirement system or plan impacted, any reduced expenditures could consist of a combination of state, local, and federal funding.

Assumptions:

- Pursuant to Tenn. Code Ann. § 8-36-918 (a), publicly employed teachers are not eligible to receive retirement benefits if convicted of a felony arising out of the person's employment.
- Department of Education operations will not be affected; therefore, no significant fiscal impact to the department.
- This bill only applies to teachers who join the TCRS, a superseded retirement system, a local retirement fund, or another pension plan on or after July 1, 2016.
- Members must have at least five years of service in order to receive benefits upon retirement; therefore, any impact from this bill would not occur until July 1, 2021 or later.
- Based on information provided by TCRS, annual benefits for a teacher with only five years of service would be approximately \$1,500.
- In future years, as the number of teachers for which this bill applies increases and the average years of service for these teachers increase, the average annual benefit for these

teachers will also increase. Based on information provided by TCRS, teachers with 25 years of service or more will have average annual benefits exceeding \$30,000.

- FY46-47 would be the first fiscal year that this bill could apply to a teacher with 25 years of service.
- According to TCRS, any increase in workload will not require additional resources; therefore any increase in expenditures is considered not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/jaw